

BORON COMMUNITY SERVICES DISTRICT

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October 11, 2013

California Department of Water Resources
Division of Integrated Regional Water Management
Financial Assistance Branch
Post Office Box 942836
Sacramento, CA 94236
Attn: Keith Wallace

SUBJECT: COMMENTS ON ROUND 2 IRWM IMPLEMENTATION GRANT EVALUATION AND REQUEST TO RESCORE AND FUND THE ANTELOPE VALLEY IRWM IMPLEMENTATION GRANT PROPOSAL

Dear Mr. Wallace,

Thank you for the opportunity to comment on the draft funding recommendations for the Antelope Valley IRWM Implementation Grant Proposal. This letter outlines our major concerns and responses to comments provided by the Department of Water Resources (DWR) on the Antelope Valley's IRWM Implementation Grant Proposal (Proposal) for the Boron Community Services District (CSD) Arsenic Management Feasibility Study and Well Design Project.

DWR's comments on the Proposal Evaluation are provided below with our responses and respectful requests. We believe that the nature of this particular project may have created misunderstandings regarding many of the discussion points, justifications, and claims made in the application. The Project is a study/report and well design located in a disadvantaged community (DAC), and as such was eligible for Proposition 84, Round 2 Implementation funding under a unique set of circumstances that were outlined in the IRWM Grant Program Guidelines.

Our most critical concern is the scoring for the Benefits and Cost Analysis, which we believe is not representative of the value that section provides (see p. 3 below).

Work Plan**DWR Comment 1:**

"The criterion is fully addressed but is not supported by thorough documentation and sufficient rationale. The tasks for the project are of adequate detail and completeness and it is clear that the project can be implemented; however, the problem the project addresses is not well described and it is unclear how the project alternatives were determined. Basic background information including the source of arsenic in groundwater in the area, current well construction and completion zones, and treatment technologies being considered are not included in the proposal. Additionally the applicant does not document deliverables."

Response to Comment 1: This Project is a study/report and well design (not a construction project) and as such contains an appropriate level of documentation and rationale. The project alternatives and treatment technologies are not defined in detail because that is the purpose of the study/report. Basic background information was documented by the Regional Water Quality Control Board (RWQCB) and is included in the Compliance Order from January 2009 (attached to Work Plan). The source of the arsenic is identified as naturally-occurring and the location of Well 15 is shown in Figure 3-2. The primary deliverable for the Project is the report/study itself, and the various deliverables for each of the eleven tasks (e.g., biological surveys, permits, final well report) are documented under the first column of each table in the Work Plan. It is recognized that the application does not contain information on current well construction and completion zones.

Request: The Work Plan contains an appropriate level of documentation and rationale for a study/report and well design, which by definition contains less detail than a construction project. We request that the score for the Work Plan criterion be increased from 12 to 14.

Budget

DWR Comment 2:

“The budget includes cost information but supporting documentation is lacking for a majority of the budget categories; costs cannot be verified as reasonable. The applicant provides lump sums for all line items “based on previous experience with similar projects” but does not provide further explanation regarding the nature of the previous experience or information on the similarity of projects that would allow reviewers to concur that lump sum costs are appropriate and reasonable. Based on the scope in the work plan, permitting costs seem excessive for “preliminary investigation into permitting requirements.””

Response to Comment 2: It is unclear what is required to justify cost estimates for a report/study in this context. For most planning studies, costs are calculated from level of effort and billing rates for various tasks, and level of effort is based on previous experience with similar projects. It was assumed that the task descriptions are straightforward enough that language explaining similarities to previous projects (e.g., labor compliance program, hydrogeology study for single well, etc.) was unnecessary for a planning-level study. Permitting costs are less than 2 percent of the total project costs and are estimated based on three specific permits that will be necessary to complete the study/report and well design. It is recognized that additional detail on labor hours and billing rates could have been provided.

Request: The Budget contains adequate cost justification for a study/report and well design and should not be penalized heavily for not providing labor hours and billing rates. We request that the score for the Budget criterion be increased from 2 to 3.

Monitoring, Assessment, and Performance Measures

DWR Comment 4:

“The criterion is marginally addressed and documentation is incomplete and insufficient. The measurement tools and methods provided in Table 6-1 are products of project implementation and will not monitor project performance and progress in meeting project goals. The identified targets are actions that will be implemented and, thus, are not appropriate monitoring targets for project benefits.”

Response to Comment 4: This criterion does not apply well to a study/report and well design type of project and as such was difficult to describe. This is the reason the criterion appears “marginally addressed”. The measures of progress on a planning study are the successful and timely completion of each milestone in the development of the study. There are no quantifiable outcomes to measure and assess other than the preliminary and final deliverables.

Request: This Project is a study/report and well design (not a construction project) and as such contains an appropriate discussion of monitoring, assessment, and performance measures. This type of project can only be monitored, assessed, and measured according to the timely completion of deliverables that contribute to the study/report objectives. Monitoring, Assessment, and Performance Measures for the Construction Project (to be recommended by the study/report) are to be articulated as part of the study/report. We request that the score for the Monitoring, Assessment, and Performance Measures criterion be increased from 2 to 4.

Technical Justification

DWR Comment 5:

“The proposal appears to be technically justified to achieve the claimed benefits but lacks documentation that demonstrates the technical adequacy of the project and physical benefits are not well described. The project will complete a feasibility study to evaluate four alternatives to address Arsenic impacted drinking water supply. It is understood that the full degree of benefits cannot be calculated until the feasibility study is conducted. The applicant does not provide any data to backup assertions regarding improved groundwater quality, reduced energy requirements, or estimated new well production rate. For example, the applicant does not discuss how much water supply is currently being used and in need of treatment and compare it with a range of expected supply to be produced using the alternatives. This would have provided reviewers with more insight as to whether the proposed alternatives would be sufficient to address the water supply concerns. The applicant cites documents but does not provide them or any excerpted information in the application; therefore the technical justification lacks documentation.”

Response to Comment 5: All of the benefits discussed in Technical Justification are described as “potential benefits”. The application states on page 7-1 that, “There are no physical benefits that will be realized from the Planning/Design Project other than the deliverables listed in the scope of work ...; however, depending on the various components of the recommended Construction Project, there are several potential benefits that could be provided.” In other words, there is no way to document the physical benefits of a study/report other than to provide a discussion on potential physical benefits, potential documentation that could be provided at a future date, and potential constraints that would influence the applicability of those potential physical benefits. This is what is provided in the last paragraph on page 7-2, in Table 7-1, and in the narrative that follows Table 7-1. The narrative discussion is intended to provide insight into how alternatives that have yet to be defined as anything other than conceptual solutions could provide significant physical benefits such as the ones mentioned. It is recognized that the actual documents cited in the narrative were not provided as attachments to the application.

Request: This Project is a study/report and well design (not a construction project) and as such contains an appropriate discussion of Technical Justification in terms of potential physical benefits, potential sources of documentation, and potential constraints. We request that the score for the Technical Justification criterion be increased from 6 to 8.

Benefits and Cost Analysis

DWR Comment 6:

“Collectively the proposal is likely to provide a medium level of benefits in relationship to cost and this finding is supported by detailed, high quality analysis and clear and complete documentation.

The planning/design project would include a Preliminary Engineering Report that provides analysis of four alternatives to manage arsenic concentrations. A cost-effectiveness analysis is provided which shows that the proposed project is likely to identify the most cost effective way to meet water quality (arsenic) requirements. Depending on the alternative selected, the project might also reduce State Water Project imports. The quality of this work is good; however, the study by itself cannot provide physical and economic benefits. There are no assurances that one of the alternatives will be implemented; however, it seems very likely. The application does not explain when and how the selected alternative will be financed and implemented.”

Response to Comment 6: Based on DWR Comment 6, it is unclear why this criterion received a score of 18 out of 30. It appears that DWR’s assessments of this criterion are all positive until the last sentence of Comment 6. It is recognized that the application does not contain information on when and how the selected alternative will be financed and implemented. As a small water purveyor in a DAC area, this project proponent has been unable to finance or implement the Project since inception in 2008 when the RWQCB Compliance Order was issued. It is true that the study/report by itself cannot provide physical and economic benefits, but the IRWM Grant Program Guidelines state on p. 86 that “Because DACs may not have a developed project to put forward, the types of eligible projects to address critical water supply or water quality needs of a DAC may include studies designed to help identify a preferred project.” This application was submitted for Prop. 84, Round 2 funding under this premise.

Request: The Benefits and Cost Analysis is a detailed, high-quality analysis with clear and complete documentation. A cost-effectiveness analysis is provided which shows that the Project is likely to identify the most cost effective way to achieve water quality objectives. It lacks an explanation for financing and implementation of the Project because the project proponent cannot move ahead without outside funding. It is unclear what additional discussion, documentation, or justification could have been provided to improve the Benefits and Cost Analysis for this application. Moreover, the study/report is eligible for Round 2 Implementation funding as it addresses water quality needs for a DAC. We request that the score for the Benefits and Cost Analysis criterion be increased from 18 to 30.

Program Preferences

DWR Comment 7:

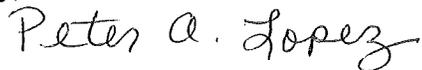
“Applicant claims that five program preferences and five statewide priorities would be met with project implementation. However, applicant demonstrates a high degree of certainty, and provides adequate documentation for three of the preferences claimed: (1) Include regional projects or programs; (2) Address critical water supply or water quality needs of disadvantaged communities within the region; and (3) Ensure Equitable Distribution of Benefits.”

Response to Comment 7: Our application claims that six Program Preferences would be met by the Construction Project that would result from the study/report, not five. It is not clear from DWR Comment 7 why only three are considered to have adequate justification. Narrative justifications for each of the Program Preferences and Statewide Priorities are provided on page 9-3 of the application.

Request: This Project is a study/report and well design (not a construction project) and as such contains an appropriate discussion of Program Preferences and Statewide Priorities that are likely to be met by an eventual construction project. We request that the score for the Program Preferences criterion be increased from 4 to 6.

Thank you again for the opportunity to comment on the evaluation and scoring of the Antelope Valley IRWM Implementation Grant Proposal. The Proposition 84 Round 2 funding is a key component of implementing the Boron CSD Arsenic Management Feasibility Study and Well Design Project. We are confident that the issues outlined above will be taken under consideration. Thank you for your time.

Sincerely,

A handwritten signature in black ink that reads "Peter A. Lopez". The signature is written in a cursive style with a large, stylized 'L'.

Peter A. Lopez
General Manager

Cc:

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